LEPHALALE MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 29 in terms of Section 123(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 21 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Date : 31 AUGUST 2008

MP SEBATJANE
MUNICIPAL MANAGER : LEPHALALE LOCAL MUNICIPALITY

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LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

NET ASSETS AND LIABILITIES	Note	2008 R	2007 R RESTATED
Net Assets		**161 530 159**	**99 876 587**
Government Grant Reserve		44 833 610	42 689 584
Capitalization Reserve		6 353 917	7 257 410
Capital Replacement Reserve		6 730 649	6 730 649
Insurance		108 882	98 922
Donations and public contributions reserves		6 419 983	-
Revaluation Reserve		34 180 900	378 500
Accumulated Surplus/(Deficit)		62 902 218	42 721 522
Non-current liabilities		**15 996 886**	**13 212 300**
Long-term liabilities	1	15 996 886	13 212 300
Non-current provisions		-	-
Current liabilities		**33 019 501**	**77 358 749**
Consumer deposits	2	4 138 280	3 473 394
Provisions	3	-	-
Creditors	3	16 196 807	59 067 152
Unspent conditional grants and receipts	4	11 115 314	13 427 050
VAT	5	-	-
Current portion of long-term liabilities	1	1 569 100	1 391 153
Total Net Assets and Liabilities		**210 546 546**	**190 447 636**
ASSETS			
Non-current assets		**139 520 401**	**93 285 171**
Property, plant and equipment	6	139 281 942	85 292 641
Investments	7	238 459	7 967 808
Long-term receivables	8	-	24 722
Current Assets		**71 026 145**	**97 162 465**
Inventory	9	1 744 212	1 021 509
VAT	5	890 667	66 145
Consumer Debtors	10	9 626 519	9 241 405
Other Debtors	12	48 590	602 559
Current portion of long-term debtors	8	24 722	80 818
Bank balances and cash	13	58 691 435	86 150 029
Total Assets		**210 546 546**	**190 447 636**

LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R RESTATED
REVENUE			
Property Rates	**14**	21 275 390	20 287 680
Property rates - penalties imposed and collection charges		-	-
Service charges	**15**	47 045 740	45 034 492
Rental of facilities and equipment		117 616	94 594
Interest earned - external investments		5 318 131	3 757 408
Interest earned - outstanding debtors		1 357 254	1 222 920
Fines		389 959	320 087
Licenses and permits		3 656 965	3 200 835
Government grants and subsidies	**16**	63 137 080	44 598 480
Other income	**17**	2 927 015	2 582 540
Public contributions and donations		29 628	-
Increases in the fair value of investments		-	-
Gains on disposal of property, plant and equipment		1 786 252	-
Total Revenue		**147 041 030**	**121 099 036**
EXPENDITURE			
Employee related costs	**18**	46 165 086	42 319 839
Remuneration of Councilors	**19**	4 709 488	4 233 241
Bad Debts		4 261 428	5 368 000
Collection costs			-
Depreciation		7 281 215	5 925 948
Repairs and maintenance		10 333 389	7 002 889
Interest paid	**20**	1 811 211	1 850 160
Bulk purchases	**21**	18 987 957	18 071 831
Contracted services			-
Grants and subsidies paid	**22**	562 502	1 028 632
General expenses		46 236 528	25 723 849
Loss on disposal of property, plant and equipment			-
Total Expenditure		**140 348 804**	**111 524 389**
SURPLUS/(DEFICIT) FOR THE YEAR		**6 692 226**	**9 574 647**

LEPHALALE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2008

	Insurance Reserve	Capitalization Reserve	Government Grant Reserve	Public Contribution Reserve	Revaluation Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R		R	R	R	R
2007								
Balance at 1 July 2006	98 922	6 798 893	11 732 770	-	-	9 839 690	44 438 473	**72 908 748**
Correction of errors		1 486 308	31 828 942		-	-	(11 404 217)	**21 911 033**
Restated Balance	**98 922**	**8 285 201**	**43 561 712**	**-**	**-**	**9 839 690**	**33 034 256**	**94 819 781**
Net defict for the year							9 574 647	**9 574 647**
								-
Property;Plant & Equipment funded by Grants			1 712 989				(1 712 989)	**-**
Revaluation Surplus					378 500			**378 500**
Expenditure						(3 109 041)		**(3 109 041)**
Assets Donated							(1 787 300)	**(1 787 300)**
Offsetting of Depreciation		(1 027 791)	(2 585 117)				3 612 908	**-**
Balance as at 30 June 2007	**98 922**	**7 257 410**	**42 689 584**	**-**	**378 500**	**6 730 649**	**42 721 522**	**99 876 587**
2008								
Balance as at 1 July 2007	**98 922**	**7 257 410**	**42 689 584**	**-**	**378 500**	**6 730 649**	**42 721 522**	**99 876 587**
Net Surplus for the year							6 692 229	**6 692 229**
Current Year Transfers	9 960			6 419 983				**6 429 943**
Property;Plant & Equipment funded by Grants			5 227 299				(5 227 299)	**-**
Revaluation Surplus					33 802 400			**33 802 400**
Property;Plant & Equipment Donated							14 729 000	**14 729 000**
Offsetting of Depreciation		(903 493)	(3 083 273)				3 986 766	**-**
Balance at 30 June 2007	**108 882**	**6 353 917**	**44 833 610**	**6 419 983**	**34 180 900**	**6 730 649**	**62 902 218**	**161 530 159**

LEPHALALE LOCAL MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R RESTATED
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		107 807 841	175 833 032
Cash paid to suppliers and employees		(146 991 779)	(98 858 356)
Cash generated from (utilized in) operations	24	**(39 183 938)**	**76 974 676**
Interest received		6 675 385	4 980 328
Interest paid		(1 811 211)	(1 850 160)
NET CASH FROM OPERATING ACTIVITIES		**(34 319 764)**	**80 104 844**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27 529 273)	(14 913 061)
Adjustment of Property Donated		14 678 854	
Proceeds on disposal of property, plant and equipment		1 900 157	-
(Increase)/Decrease in non-current receivables		24 722	162 803
(Increase)/Decrease in non-current investments		7 729 349	(6 030 744)
Increase in Reserves		6 429 943	-
NET CASH FROM INVESTING ACTIVITIES		**3 233 751**	**(20 781 002)**
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised/(repaid)		2 962 533	(1 391 153)
Increase/(Decrease) in Consumer Deposits		664 886	(254)
NET CASH FROM FINANCING ACTIVITIES		**3 627 419**	**(1 391 407)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(27 458 594)**	**57 932 435**
Cash and cash equivalents at the beginning of the year		86 150 029	28 217 594
Cash and cash equivalents at the end of the year		58 691 435	86 150 029

LEPHALALE LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. **BASIS OF PRESENTATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6,7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

GAMAP,GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparitive amounts heve been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 28.

Assets, liabilities, revenues and expenses have been offset except when offsetting is required or permitted by s Sandard of GAMAP, GRAP or SA GAAP.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

2. **PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

3. **GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis and comply with the standard of basis of accounting, which has been consistently applied.

4. **RESERVES**

4.1 ***Government Grant Reserve***

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

4.2 ***Capitalisation Reserve***

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

4.3 ***Donations and Public Contributions Reserve***

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	YEARS		*YEARS*
INFRASTRUCTURE		***OTHER***	
Roads	20	Buildings	15-20
Pedestrian Malls & Paving	10-15	Specialist vehicles	5-10
Electricity	10-20	Other vehicles	5-10
Water	10-20	Office equipment	3-10
Sewerage	10-20	Furniture and fittings	7-10
Stormwater	10-20		
		Bins and containers	7-10
Community		Other items of plant and equipment	3-7
Buildings	15-20		
Recreational Facilities	15-20		
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

In terms of the exemptions granted by the Minister of Finance no review of useful life of items of PPE or the depreciation method applied to PPE was done as is required by GAMAP 17. No impairment testing was done for non-cash-generating assets as well as cash-generating assets due to the application of an exemption of IAS 36/AC 128 granted in Gazette 30013.

The municipality is exempt from IAS 40 (AC 135) as it has not recognised any property as investment property but as property, plant and equipment in terms of GAMAP 17. It only recognizes its property as investment property when it is certain that it meets the definition of investment property.

6. INVESTMENTS

6.1 *Financial Instruments*

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

The municipality does not test for impairment of assets as it is exempted from IAS 36 (AC128) in entirety.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost, determined on the weighted avarage basis and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

The municipality is exempt from recognizing and disclosing self-purified water stock on hand at the end of the financial year as inventory in terms of GAMAP 12.

The municipality is exempt from recognizing an immovable capital asset as inventory in accordance with GAMAP 12 if it has recognized an immovable capital asset as property, plant and equipment in terms of GAMAP 17 and has not satisfied itself that the item is in actual fact inventory.

8. **ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

9. **TRADE CREDITORS**

Trade creditors are stated at their nominal value.

10. **REVENUE RECOGNITION**

10.1 ***Revenue from Exchange Transactions***

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Exemption is granted by the Minister of Finance from paragraph 12 of GAMAP 9 in initial measurement of fair value of revenue by discounting all future receipts using an imputed rate of interest. The initial recognition at fair value in accordance with GAMAP 9 and IAS 39/AC 133 is exempted. The municipality recognizes revenue from the sale of goods and services at its face value. Any payables from the purchase of goods and services are also recognized at face value/cost.

10.2 ***Revenue from non-exchange transactions***

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11. **CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

12. **PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

13. **CASH AND EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

14. **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15. **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. **LEASES**

Exempted from recognizing operating lease payments on a straight-line basis if the amounts are recognized on the basis of the cash flows in the lease agreement (IAS 17 (AC 105).

18. **COMPARATIVE INFORMATION**

18.1 ***Current year comparatives:***

Budgeted amounts have been included in the annual financial statements for the current financial year only.

18.2 ***Prior year comparatives:***

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

19 **EXEMPTIONS**

19.1 ***Full Advantage***

The municipality had taken full advantage of all the exemptions by the Minister of Finance in Government Gazette 30013 of 29 June 2007.These exemptions are for the 2006/07 and 2007/08 financial years.

19.2 ***Adjustment for full compliance***

By complying fully with the standards that are now exempted and of which full advantage has been taken will result in changes in the following:

19.2.1 ***Statement of Financial Performance:***
-Impairment loss/gain
-Changes in fair value of assets
-Adjustment expenditure for intangible assets

19.2.2 ***Statement of Financial Position:***
-Property, plant and equipment adjusted for impairment
-Property, plant and equipment adjusted for intangible assets
-Recognizing of intangible assets
-Disclosure of Investment Property

NOTE	PARTICULARS	2008 R	2007 R
1.	**LONG-TERM LIABILITIES**		
	Annuity Loans	17 565 986	14 603 453
	Less: Current portion transferred to current liabilities	(1 569 100)	(1 391 153)
	Total External Loans	**15 996 886**	**13 212 300**
2.	**CONSUMER DEPOSITS**		
	Electricity and Water	3 508 680	3 109 754
	Sundry deposits	629 600	363 640
	Total Consumer Deposits	**4 138 280**	**3 473 394**
	Guarantees held in lieu of Electricity and Water Deposits	**404 165**	**254 165**
3.	**CREDITORS**		
	Trade Creditors	2 972 432	443 859
	Payments received in advance	1 094 726	1 327 713
	Retentions	3 799 834	1 546 121
	Staff leave	2 133 435	2 133 435
	Peoples Housing Project (PHP)*	6 018 612	6 724 457
	Other creditors	177 768	46 891 567
		16 196 807	**59 067 152**
	**** PHP***		
	Balance unspent at beginning of year	6 724 457	5 427 118
	Current year receipts	-	2 329 641
	Expenditure	(705 845)	(1 032 302)
	Transferred to creditors	**6 018 612**	**6 724 457**

The municipality is acting as an agent for the Provincial Dept of Local Government & Housing for Peoples Housing Project (PHP). The money is kept in a separate bank account.

4.	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of Government		
	Municipal Infrastructural Grants	4 172 235	5 450 463
	Mun. Systems Improvement & Finance Management Grant	335 271	337 197
	LED Project Funding	28 399	76 199
	DWAF	4 941 112	7 563 191
	Provincial Dept of Local Government & Housing	1 638 297	
	Total Unspent Conditional Grants and Receipts	**11 115 314**	**13 427 050**

See Note 16 for reconciliation of grants from other spheres of government.

5.	**VAT**		
	VAT refundable / (payable)	**890 667**	**66 145**

VAT is accounted for on the payment basis. Only when payment is received from debtors, VAT is payable to SARS.

NOTE	PARTICULARS	2008 R	2007 R

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Infra-structure R	Community R	Other R	Total R
Carrying values at 1 July 2007	**48 552 524**	**4 122 941**	**32 617 175**	**85 292 640**
Cost	75 112 636	4 954 302	51 465 856	131 532 794
Accumulated depreciation	(26 560 112)	(831 361)	(18 848 681)	(46 240 154)
Current year transactions :	**8 041 121**	**(156 471)**	**12 416 156**	**20 300 806**
Acquisitions	11 867 446	-	15 714 575	27 582 021
Capital under Construction	-	-	-	-
Depreciation	(3 826 325)	(156 471)	(3 298 419)	(7 281 215)
Carrying value of disposals :	**-**	**-**	**(113 904)**	**(113 904)**
Cost	-	-	(580 426)	(580 426)
Accumulated depreciation	-	-	466 522	466 522
Revaluation of Assets :	**-**	**-**	**33 802 400**	**33 802 400**
Cost	-	-	33 802 400	33 802 400
Accumulated depreciation	-	-	-	-
Sundry adjustments :	**-**	**-**	-	-
Impairment losses	-	-	-	-
Other movements	-	-	-	-
Carrying values at 30 June 2008	**56 593 645**	**3 966 470**	**78 721 827**	**139 281 942**
Cost	86 980 082	4 954 302	100 402 405	192 336 789
Accumulated depreciation	(30 386 437)	(987 832)	(21 680 578)	(53 054 847)

Reconciliation of Carrying Value	Infra-structure R	Community R	Other R	Total R
Carrying values at 1 July 2006	**42 935 472**	**4 279 412**	**28 454 121**	**75 669 005**
Cost	66 759 864	4 954 302	44 199 565	115 913 731
Accumulated depreciation	(23 824 392)	(674 890)	(15 745 444)	(40 244 726)
Current year transactions :	**5 238 553**	**(156 471)**	**4 163 054**	**9 245 136**
Acquisitions	2 076 431	-	7 266 291	9 342 722
Capital under Construction	5 897 842	-	-	5 897 842
Depreciation	(2 735 720)	(156 471)	(3 103 237)	(5 995 428)
Carrying value of disposals :	**-**	**-**	**-**	**-**
Cost				-
Accumulated depreciation				-
Revaluation of Assets :	**378 500**	**-**	**-**	**378 500**
Cost	**378 500**			378 500
Accumulated depreciation				-
Sundry adjustments :	**-**	**-**	-	-
Impairment losses	-	-	-	-
Other movements	-	-	-	-
Carrying values at 30 June 2007	**48 552 525**	**4 122 941**	**32 617 175**	**85 292 641**
Cost	75 112 637	4 954 302	51 465 856	131 532 795
Accumulated depreciation	(26 560 112)	(831 361)	(18 848 681)	(46 240 154)

Property, Plant and Equipment are stated at cost, less accumulated depreciation, except for land and buildings which are stated at a revalued amount.

The depreciation lives of some of the assets have been corrected to comply with GAMAP 17 and prior year figures have been restated.

The effect of the depreciation charged to the accumulated surplus for prior years (2006) is R 10 068 208 and for the 2007 financial year, the depreciation charge reduced by R 550 624.

NOTE	PARTICULARS	2008 R	2007 R
7.	**INVESTMENTS**		
	Financial Instruments		
	32 Day Fixed Deposit	**238 459**	**7 967 808**
8.	**LONG-TERM RECEIVABLES**		
	Car loans	24 722	105 540
	Less: Current portion transferred to current receivables	(24 722)	(80 818)
	Total	**-**	**24 722**
	Traveling allowance bearing positions were entitled to car loans which were repayable over a maximum of 6 years.		
	In terms of the MFMA no more loans are advanced and the present loans are being phased out. The last loan will be settled in 2009.		
9.	**INVENTORY**		
	Consumable stores	285 775	187 686
	Maintenance materials	1 458 437	823 929
	Spare parts	-	8 990
	Other goods held for resale	-	904
	Total Inventory	**1 744 212**	**1 021 509**

10. CONSUMER DEBTORS

	Gross Balances R	Provision for Bad Debts R	Net Balance R
As at 30 June 2008			
Service debtors			
Rates	11 086 372	(10 898 679)	187 693
Electricity	2 566 617	(1 816 447)	750 171
Water	3 465 516	(3 269 604)	195 912
Refuse removal	1 726 547	(1 634 802)	91 745
Sewerage	724 248	(544 934)	179 314
Total	**19 569 300**	**(18 164 465)**	**1 404 835**
As at 30 June 2007			
Service debtors	23 197 940	(13 956 535)	9 241 405
			-
Total	**23 197 940**	**(13 956 535)**	**9 241 405**
(Rates, Electricity, Water, Refuse Removal and Sewerage): - Ageing			
Current (0 -30 days)	7 832 172	-	7 832 172
31 - 60 days	956 997	-	956 997
61 - 90 days	837 351	-	837 351
91 - 120 days	714 150	-	714 150
120 days and over	9 228 630	-	9 228 630
Total	**19 569 300**	**-**	**19 569 300**

NOTE	PARTICULARS	2008 R	2007 R
11.	**CONSUMER DEBTORS (continued)**		
	Reconciliation of the bad debt provision		
	Balance at beginning of year	13 903 037	8 842 239
	Contributions to provisions	4 261 428	5 314 503
	Bad debts written off against provision	-	(253 705)
	Reversal of provision	-	-
	Balance at end of year	**18 164 465**	**13 903 037**
12.	**OTHER DEBTORS**		
	Payments made in advance		553 969
	Other	8 221 684	
	Eskom Deposits	48 590	48 590
	Total other debtors	**8 270 274**	**602 559**

NOTE	PARTICULARS	2008 R	2007 R
13.	**BANK, CASH AND OVERDRAFT BALANCES** **The municipality has the following bank accounts:-**		
	Current Account (Primary Bank Account)		
	ABSA Bank Ltd - Lephalale Branch - Account Number 1470-000-038		
	Cash balance at beginning of year	33 830 355	28 217 594
	Cash balance at end of year	**26 179 911**	**33 830 355**
	Bank statement balance at beginning of year	46 338 668	34 968 790
	Bank statement balance at end of year	**30 559 920**	**46 338 668**
	Other accounts		
	Investments		
	Call account with ABSA (PHP Housing)	6 018 612	-
	Call account with ABSA	26 480 162	52 306 924
		32 498 774	**52 306 924**
	Petty Cash	5 000	5 000
	Cashier Floats	7 750	7 750
	Total Cash on hand	**58 691 435**	**86 150 029**
14.	**PROPERTY RATES**		
	Actual	21 275 390	20 287 680
	Total Assessment Rates	**21 275 390**	**20 287 680**
	Valuations	***39 630***	***39 264***
		R000'	***R000'***
	Residential	911 287 722	843 772 000
	Commercial	387 701 859	240 256 200
	State	501 776 426	670 542 000
	Agriculture	2 244 317 949	2 153 427 374
	Other	-	-
	Exempted	-	-
	Municipal	2 885 850	2 885 850
	Total Property Valuations	**4 047 969 806**	**3 910 883 424**
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. Interim valuations are processed as needed.		
	Property rates are recognized in the month, it is charged by applying the approved property rates tariffs to the value of the property, taking the rebates into consideration.		
15.	**SERVICE CHARGES**		
	Sale of Electricity	23 714 990	21 905 576
	Sale of Water	14 942 391	15 399 660
	Refuse Removal	2 909 488	2 723 811
	Sewerage and sanitation charges	5 478 871	5 005 445
	Total Service Charges	**47 045 740**	**45 034 492**
	Water and Electricity are recognised by applying the approved tariffs to the metered consumptions. Refuse removal and Sewer revenue are recognised after the services have been rendered by applying the approved tariffs.		

NOTE	PARTICULARS	2008 R	2007 R
16.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Equitable Share	34 566 672	29 891 042
	Municipal Infrastructural Grant	16 882 478	8 264 840
	Waterberg District Municipality	-	150 000
	Dept of Water and Forestry	9 820 580	5 545 784
	Municipal Systems Improvement Grant	1 234 000	538 361
	Finance Management Grant	501 926	-
	Local Government SETA Grant	131 424	208 453
	LED Learnership	47 800	
	DPLG Project Funding	-	-
	Total Grants and Subsidies transferred to Statement of Financial Performance	**63 137 080**	**44 598 480**

16.1 Equitable Share

In terms of the Constitution, this grant is partially used to subsidize the provision of basic service to indigent community members. All registered indigents receive a subsidy of R 100.

16.2 Municipal Infrastructural Grant

Balance unspent at beginning of year	5 450 463	1 596 904
Current year receipts	15 604 250	12 118 399
Conditions met - transferred to revenue	(16 882 478)	(8 264 840)
Conditions still to be met- transferred to liabilities (see note 4)	**4 172 235**	**5 450 463**

The grant is used to construct infrastructure assets in the municipalities. An amount of R 588 036 was utilised in 2008 to fund the Project Management Unit (PMU). The conditions of the grant were met.

16.3 Waterberg District Municipality

Balance unspent at beginning of year		-
Current year receipts	-	150 000
Conditions met - transferred to revenue	-	(150 000)
Conditions still to be met- transferred to liabilities (see note 4)	**-**	**-**

16.4 DWAF

Balance unspent at beginning of year	7 563 191	2 741 275
Current year receipts	7 198 501	10 367 700
Conditions met - transferred to revenue	(9 820 580)	(5 545 784)
Conditions still to be met- transferred to liabilities (see note 4)	**4 941 112**	**7 563 191**

This grant was used to rural water schemes.

16.5 Municipal Systems Improvement Grant

Balance unspent at beginning of year	500 000	-
Current year receipts	734 000	1 000 000
Conditions met - transferred to revenue	(1 234 000)	(500 000)
Conditions still to be met- transferred to liabilities (see note 4)	**-**	**500 000**

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act.

16.6 Finance Management Grant

Balance unspent at beginning of year	337 197	375 558
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	(501 926)	(538 361)
Conditions still to be met- transferred to liabilities (see note 4)	**335 271**	**337 197**

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

NOTE	PARTICULARS	2008 R	2007 R
	16.7 Local government Seta		
	Balance unspent at beginning of year	-	-
	Current year receipts	131 424	-
	Conditions met - transferred to revenue	(131 424)	-
	Conditions still to be met- transferred to liabilities (see note 4)	**-**	**-**
	16.8 LED Projects		
	Balance unspent at beginning of year	76 199	284 652
	Current year receipts	-	-
	Conditions met - transferred to revenue	(47 800)	(208 453)
	Conditions still to be met- transferred to liabilities (see note 4)	**28 399**	**76 199**
	The grant was utilised for the implementation of a Paprica Project. The conditions of the grant were met.		
	16.9 DPLG Projects		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 638 297	-
	Conditions met - transferred to revenue	-	-
	Conditions still to be met- transferred to liabilities (see note 4)	**1 638 297**	**-**
	The grant will utilised for the implementation of of the Sector Planning.		
	16.10 Changes in levels of government grants		
	Based on the allocations set out in the Division of Revenue Act of 2006, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
17	**OTHER INCOME**		
	Other income	**2 927 015**	**2 582 540**
18	**EMPLOYEE RELATED COSTS**		
	Employee related costs - Salaries and Wages	27 638 958	25 645 381
	Employee related costs - Contributions for UIF, pensions and medical aids	7 276 186	8 571 226
	Travel, motor car, accommodation, subsistence and other allowances	8 079 592	4 744 810
	Housing benefits and allowances	281 549	244 421
	Overtime payments	2 888 801	2 913 423
	Performance bonus	-	-
	Long-service awards	-	200 578
	Less: Employee costs capitalized tp Property, Plant and Equipment	-	-
	Less: Employee costs included in other expenses	-	-
	Total Employee Related Costs	**46 165 086**	**42 319 839**
	Remuneration of the Municipal Manager		
	Annual Remuneration	489 095	282 505
	Performance Bonuses	-	
	Car Allowance	141 642	162 955
	Contribution to UIF, Medical and pension Funds	170 828	78 538
	Total	**801 565**	**523 998**
	Remuneration of the Chief Financial Officer		
	Annual Remuneration (Vacant for 10 months)	182 777	263 327
	Performance Bonuses	-	-
	Car Allowance	81 551	134 548
	Contribution to UIF, Medical and pension Funds	94 006	47 880
	Total	**358 334**	**445 755**

NOTE	PARTICULARS			2008 R	2007 R
	Remuneration of Head of Departments / Managers	**Plan. & Econ. Development** R	**Technical Services** R	**Corporate Services** R	**Community Services** R
	2008				
	Annual Remuneration	404 788	28 314	22 118	396 552
	Performance Bonuses	-	-	-	-
	Car Allowance	101 705	13 832	11 654	136 549
	Contribution to UIF, Medical and pension Funds	125 025	15 610	6 371	128 993
	Total	**631 518**	**57 756**	**40 143**	**662 094**
	2007				
	Annual Remuneration	-	263 327	261 967	261 967
	Performance Bonuses	-	-	-	-
	Car Allowance	-	134 548	134 548	134 548
	Contribution to UIF, Medical and pension Funds	-	47 880	28 128	43 267
	Total	**-**	**445 755**	**424 643**	**439 782**

19 REMUNERATION OF COUNCILORS

Mayor	350 472	385 790
Speaker	280 377	224 573
Whip	262 854	188 071
Full-time Executive Committee Member	262 854	174 808
Executive Committee Members	433 710	751 065
Councilors	1 787 397	1 920 072
Councilors' pension contribution	-	417 020
Councilors' medical contribution	-	6 084
Councilors' personal allowance	-	-
Councilors' transport allowance	1 115 879	-
Councilors' cell phone allowance	215 945	165 758
Total Councilors' Remuneration	**4 709 488**	**4 233 241**

In-kind Benefits

The Mayor, Speaker, Whip and 1 Executive Committee Member are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor has use of a Council owned vehicle for official duties.

20 INTEREST PAID

Long-term liabilities	1 811 211	1 850 160
Consumer deposits	-	-
Bank overdrafts	-	-
Total Interest on External Borrowings	**1 811 211**	**1 850 160**

21 BULK PURCHASES

Electricity	13 703 804	12 296 893
Water	5 284 153	5 774 938
Total Bulk Purchases	**18 987 957**	**18 071 831**

22 GRANTS AND SUBSIDIES PAID

Tribal Chiefs	-	27 000
Mogol Club	307 748	441 632
Agri	143 754	450 000
SPCA	111 000	110 000
	562 502	**1 028 632**

A grant is paid to the Tribal Chiefs to aid in administration costs.
A subsidy is paid to the Mogol Club to aid recreational activities.
A grant was paid to Agri for delivarebles in the farming community.
A subsidy is paid to SPCA to assist this service.

NOTE	PARTICULARS	2008 R	2007 R
23	**RESTATEMENT OF COMPARATIVE AMOUNTS**		
	A reconciliation of the surplus/(deficit) reported in the previous year's annual financial statements to restate the comparative amounts included in the statements of Financial Performance is set out below :		
	Correction of Revenue		705 325
	Correction of Capitilization		(98 701)
	Correction of Depreciation		550 624
	Correction for the Provision of Bad Debts		(2 490 620)
	Total net effect on the Surplus for the year	**-**	**(1 333 372)**
24	**CASH GENERATED BY OPERATIONS**		
	Surplus/(Deficit) for the year	6 692 226	9 574 647
	Adjustment for:-		
	Depreciation	7 281 215	5 925 948
	Investment income	(6 675 385)	(4 980 328)
	Interest paid	1 811 211	1 850 160
	Loss / (Gain) on disposal of property, plant and equipment	(1 786 252)	-
	Contribution to provisions - current	4 261 428	5 368 000
	Contribution to provisions - non-current	-	-
	Operating surplus before working capital changes:	**11 584 443**	**17 738 427**
	(Increase)/Decrease in Consumer Debtors	(4 593 044)	1 181 468
	(Increase)/Decrease in Other Debtors	553 969	(602 559)
	(Increase)/Decrease in VAT	(824 522)	(393 988)
	(Decrease)/Increase in Unspent Conditional Grants	(2 311 736)	3 001 543
	Increase/(Decrease) in Creditors	(42 870 345)	56 049 030
	(Increase) / Decrease in Inventories	(722 703)	755
	Cash generated by/(utilized in) operations	**(39 183 938)**	**76 974 676**
25	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts, indicating the financial position:		
	Bank balances and cash	26 179 911	33 830 355
	Call investment deposits	32 498 774	52 306 924
	Petty Cash	12 750	12 750
	Total cash and cash equivalents	**58 691 435**	**86 150 029**
26	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
	26.1 Contributions to organized local government		
	Opening balance	**-**	**-**
	Council subscriptions	564 615	463 954
	Amount paid - current year	(564 615)	(463 954)
	Amount paid - previous year		**-**
	Balance unpaid (included in creditors)	**-**	**-**
	26.2 Audit fees		
	Opening balance	**-**	
	Current year audit fee - statutory	1 112 592	688 552
	Current year audit fee - forensic	-	
	Amount paid - current year	(1 112 592)	(688 552)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**
	26. 3 PAYE and UIF		
	Opening balance		
	Current year payroll deductions	5 650 186	5 474 655
	Amount paid - current year	(5 650 186)	(5 474 655)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**

NOTE	PARTICULARS	2008 R	2007 R
	26.4 VAT		
	VAT inputs receivables and VAT outputs receivables are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
	26.5 Pension and Medical Aid Deductions		
	Opening balance	-	
	Current year fee	6 996 430	6 339 512
	Amount paid - current year	(6 996 430)	(6 339 512)
	Amount paid - previous years		
	Balance unpaid (included in creditors)	**-**	**-**
	26.6 Remuneration of Audit Committee Members		
	Remuneration	**75 405**	**30 658**
	3 Members serve on the Audit Committee. The members are paid an allowance per meeting and are reimbursed for travel expenses.		
27	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure		
	-Approved and contracted for	**-**	**12 827 045**
	Infrastructure		
	Land and Buildings	-	12 827 045
	Community		
	Heritage		
	Other		
	-Approved but not yet contracted for	**1 130 000**	**7 477 206**
	Infrastructure		7 477 206
	Land and Buildings		
	Community		
	Heritage		
	Other	1 130 000	
	Total	**1 130 000**	**20 304 251**
	This expenditure will be financed from:		
	-External Loans		
	-Government Grants		
	-Own Resources	2 193 987	3 698 670
	-Waterberg District Municipality		
		2 193 987	**3 698 670**
	Commitments in respect of operating leases :		
	Minimum lease payments:		
	Not later than 1 year	-	-
	Later than 1 year and not later than 5 years	-	-
	Present value of minimum lease payments	**-**	**-**
	The operating lease commitments consist of copiers, telephones and faxes with Minolta and Panasonic.		
28	**RETIREMENT BENEFIT INFORMATION**		
	All officials and some councilors belong to the following funds:		
	Municipal Gratuity Fund		
	Municipal Workers pension Fund		
	Imatu Retirement Fund		
	SALA Pension Fund		
	Samwu National Pension Fund		
	Government Employees Pension Fund		
29	**RELATED PARTIES**		
	There are no related party transactions or balances for the current year.		
30	**COMPARISON WITH THE BUDGET**		
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).		

LEPHALALE LOCAL MUNICIPLITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2007/06/30	Received during the period	Redeemed, written off during the period	Balance at 2007/06/30	Carrying Value of Property Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
INCA @ 12,06%	1	2014:06:30	**10 072 588**	-	983 074	**9 089 514**	**9 429 636**	
INCA @ 10,09%	2	2015:12:31	**3 649 938**	-	287 749	**3 362 189**	**2 463 201**	
DBSA @ 17,06%	LALF 27	2011:06:30	**164 748**	-	31 607	**133 141**	**-**	
DBSA @ 8,83%	LALF 15		**-**	4 353 685	-	**4 353 685**	**-**	
DBSA @ 17,14%	LALF 19		**710 464**	-	86 056	**624 408**	**172 500**	
DBSA @ 13,75%	LALF 10		**5 715**	-	2 666	**3 049**	**1 573**	
			14 603 453	**4 353 685**	**1 391 152**	**17 565 986**	**12 066 910**	**-**

INCA 1 is an unsecured loan from Infrastructure Finance Corporation Limited and is repayable on a six monthly basis within six years.

INCA 2 is an unsecured loan from Infrastructure Finance Corporation Limited and is repayable on a six monthly basis within six years.

LALF 27 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 3 years.

LALF 15 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 15 years.

LALF 19 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 4 years.

LEPHALALE LOCAL MUNICIPLITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

LALF 10 is an unsecured loan from the Development Bank of South Africa and is repayable on a six monthly basis within 1 year.

APPENDIX B

LEPHALALE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Land and Buildings										
Land	**2 195 894**	-	-	-	**2 195 894**	**959**	-	-	**959**	**2 194 935**
Buildings	**21 640 845**	-	-	-	**21 640 845**	**8 143 511**	-	-	**8 143 511**	**13 497 334**
	23 836 739	-	-	-	**23 836 739**	**8 144 470**	-	-	**8 144 470**	**15 692 269**
Infrastructure										
Drains	**598 381**	-	-	-	**598 381**	**447 301**	-	-	**447 301**	**151 080**
Roads	**12 527 474**	-	-	-	**12 527 474**	**4 965 684**	-	-	**4 965 684**	**7 561 790**
Sewerage Mains & Purify	**18 100 533**	-	-	-	**18 100 533**	**12 396 891**	-	-	**12 396 891**	**5 703 642**
Electricity	**13 654 770**	-	-	-	**13 654 770**	**6 585 221**	-	-	**6 585 221**	**7 069 549**
Water	**29 852 980**	-	-	-	**29 852 980**	**8 223 658**	-	-	**8 223 658**	**21 629 322**
	74 734 138	-	-	-	**74 734 138**	**32 618 755**	-	-	**32 618 755**	**42 115 383**
Community Assets										
Parks and Gardens	**263 898**	-	-	-	**263 898**	**178 455**	-	-	**178 455**	**85 443**
Libraries	**970 526**	-	-	-	**970 526**	**209 120**	-	-	**209 120**	**761 406**
Recreation Grounds	**3 473 008**	-	-	-	**3 473 008**	**628 598**	-	-	**628 598**	**2 844 410**
Civic Buildings	**246 870**	-	-	-	**246 870**	**203 476**	-	-	**203 476**	**43 394**
	4 954 302	-	-	-	**4 954 302**	**1 219 649**	-	-	**1 219 649**	**3 734 653**
									-	
Other Assets									**-**	
Landfill sites	**1 774 071**	-	-	-	**1 774 071**	**322 811**	-	-	**322 811**	**1 451 260**
Office Equipment	**994 336**	-	-	-	**994 336**	**783 612**	-	-	**783 612**	**210 724**
Furniture and Fittings	**2 468 393**	-	-	-	**2 468 393**	**1 236 772**	-	-	**1 236 772**	**1 231 621**
Bins and Containers	**170 766**	-	-	-	**170 766**	**132 601**	-	-	**132 601**	**38 165**
Equipment	**3 212 516**	-	-	-	**3 212 516**	**2 416 970**	-	-	**2 416 970**	**795 546**
Motor vehicles	**12 395 486**	-	-	-	**12 395 486**	**7 448 299**	-	-	**7 448 299**	**4 947 187**
Refuse tankers	**2 309 667**	-	-	-	**2 309 667**	**1 107 679**	-	-	**1 107 679**	**1 201 988**
Computer equipment	**2 201 110**	-	-	-	**2 201 110**	**1 357 891**	-	-	**1 357 891**	**843 219**
	25 526 345	**-**	**-**	**-**	**25 526 345**	**14 806 635**	**-**	**-**	**14 806 635**	**10 719 710**

LEPHALALE LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Total	**129 051 524**	**-**	**-**	**-**	**129 051 524**	**56 789 509**	**-**	**-**	**56 789 509**	**72 262 015**

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Segement	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Executive and Council	**10 299 701**	-	-	-	**10 299 701**	**2 899 241**	-	-	**2 899 241**	**7 400 460**
Finance and Admin	**25 521 030**	-	-	-	**25 521 030**	**9 271 822**	-	-	**9 271 822**	**16 249 208**
Planning and Development	**68 736**	-	-	-	**68 736**	**56 857**	-	-	**56 857**	**11 879**
Health	**616 232**	-	-	-	**616 232**	**493 911**	-	-	**493 911**	**122 321**
Community and Social Services	**780 395**	-	-	-	**780 395**	**495 353**	-	-	**495 353**	**285 042**
Housing	**158 889**	-	-	-	**158 889**	**110 749**	-	-	**110 749**	**48 140**
Public Safety	**949 349**	-	-	-	**949 349**	**581 911**	-	-	**581 911**	**367 438**
Sport and Recreation	**2 616 958**	-	-	-	**2 616 958**	**1 674 560**	-	-	**1 674 560**	**942 398**
Waste Management	**5 335 423**	-	-	-	**5 335 423**	**3 219 136**	-	-	**3 219 136**	**2 116 287**
Waste Water Management	**18 399 568**	-	-	-	**18 399 568**	**12 562 602**	-	-	**12 562 602**	**5 836 966**
Road transport	**16 616 534**	-	-	-	**16 616 534**	**7 689 817**	-	-	**7 689 817**	**8 926 717**
Water	**31 942 188**	-	-	-	**31 942 188**	**9 767 502**	-	-	**9 767 502**	**22 174 686**
Electricity	**15 343 984**	-	-	-	**15 343 984**	**7 674 172**	-	-	**7 674 172**	**7 669 812**
Other	**409 289**	-	-	-	**409 289**	**291 875**	-		**291 875**	**117 414**
Total	**129 058 276**	**-**	**-**	**-**	**129 058 276**	**56 789 508**	**-**	**-**	**56 789 508**	**72 268 768**

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus / (Deficit) R	Segment	2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus / (Deficit) R
49 669 071	24 336 220	**25 332 851**	Executive & Council	59 922 418	21 197 210	**38 725 208**
65 990	12 006 278	**(11 940 288)**	Finance & Admin	1 735 926	16 407 931	**(14 672 005)**
671 326	2 209 768	**(1 538 442)**	Planning & Development	469 621	2 725 496	**(2 255 875)**
-	2 763 991	**(2 763 991)**	Health	-	1 091 552	**(1 091 552)**
58 584	1 961 716	**(1 903 132)**	Community & Social Services	85 989	2 259 667	**(2 173 678)**
-	889 401	**(889 401)**	Housing	704 415	1 327 677	**(623 262)**
789 812	3 052 126	**(2 262 314)**	Public Safety	1 016 815	4 448 853	**(3 432 038)**
100 000	2 973 276	**(2 873 276)**	Sport and Recreation	12 628	3 578 658	**(3 566 030)**
-	829 020	**(829 020)**	Environmental Protection	-	737 749	**(737 749)**
3 710 317	4 937 347	**(1 227 030)**	Waste Management	2 909 488	5 363 221	**(2 453 733)**
9 840 499	9 905 014	**(64 515)**	Waste Water Management	17 550 783	17 115 442	**435 341**
4 940 950	7 831 712	**(2 890 762)**	Road Transport	5 625 601	8 385 469	**(2 759 868)**
27 404 529	17 578 561	**9 825 968**	Water	26 231 891	23 046 026	**3 185 865**
22 992 633	19 483 895	**3 508 738**	Electricity	24 750 492	22 027 343	**2 723 149**
150 000	2 089 301	**(1 939 301)**	Other	6 024 963	13 988 312	**(7 963 349)**
120 393 711	**112 847 626**	**7 546 085**	**Sub Total**	**147 041 030**	**143 700 606**	**3 340 424**
			Less :			
-	**3 361 934**	**(3 361 934)**	**Inter-Departmental Charges**	**-**	**3 351 802**	**(3 351 802)**

LEPHALALE LOCAL MUNICIPALITY :
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

120 393 711	109 485 692	10 908 019	Total	147 041 030	140 348 804	6 692 226

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	21 275 390	22 472 000	(1 196 610)	-5%	
Property rates - penalties imposed & collection charges					
Service charges	47 045 740	46 448 900	596 840	1%	
Rental of facilities and equipment	117 616	102 000	15 616	15%	More temporary housing
Interest earned - external investments	5 318 131	1 515 800	3 802 331	251%	Expenditure curbed, more investments
Interest earned - outstanding debtors	1 357 254	1 050 000	307 254	29%	More debtors in distress
Fines	389 959	403 000	(13 041)	-3%	More road visibility
Licenses and permits	3 656 965	2 850 000	806 965	28%	With development, more vehicles
Government grants and subsidies	63 137 080	61 001 700	2 135 380	4%	Underspent
Other income	2 968 267	13 702 600	(10 734 333)	-78%	Underbudgeted
Public contributions, donated/contributed	29 628	13 000	16 628		
Gains on disposal of property, plant and equipment	1 745 000	-	-		
Total Revenue	**147 041 030**	**149 559 000**	**(4 262 970)**	-3%	
EXPENDITURE					
Executive and Council	21 197 210	22 024 000	(826 790)	-4%	
Finance and Admin	16 407 931	16 324 000	83 931	1%	Curbing spending
Planning and Development	2 725 496	3 265 000	(539 504)	-17%	Curbing spending
Health	1 091 552	1 218 000	(126 448)	-10%	Curbing spending
Community and Social Services	2 259 667	2 672 000	(412 333)	-15%	Curbing spending
Housing	1 327 677	1 298 000	29 677	2%	
Public Safety	4 448 853	4 686 000	(237 147)	-5%	Curbing spending
Sport and Recreation	3 578 658	3 854 000	(275 342)	-7%	Curbing spending
Environmental Protection	737 749	965 000	(227 251)	-24%	Curbing spending
Waste Water Management	17 115 442	14 678 000	2 437 442	17%	Curbing spending
Waste Management	5 363 221	5 749 000	(385 779)	-7%	Curbing spending
Road Transport	8 385 469	11 095 000	(2 709 531)	-24%	Curbing spending
Water	23 046 026	33 300 000	(10 253 974)	-31%	Curbing spending
Electricity	22 027 343	23 105 000	(1 077 657)	-5%	Curbing spending
Other	13 988 312	8 626 000	5 362 312	62%	
Less Inter-Departmental Charges	(3 351 802)	(3 350 000)	(1 802)	0%	
Total Expenditure	**140 348 804**	**149 509 000**	**(9 160 196)**	-6%	

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

NET SURPLUS (DEFICIT) FOR THE YEAR	**6 692 226**	**50 000**	**4 897 226**

LEPHALALE LOCAL MUNICIPALITY :
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	853 521	833 328	1 686 849	971 368	715 481	**74%**	Increased needed capital projects
Finance & Admin	662 730		662 730	535 000	127 730	**24%**	
Planning & Development	-		-	-	-	**0%**	
Health	15 033		15 033	15 000	33	**0%**	
Community & Health Services	47 842		47 842	50 000	(2 158)	**-4%**	Underspending of capital requests
Housing	20 896		20 896	33 000	(12 104)	**-37%**	Underspending of capital requests
Public Safety	267 609		267 609	300 000	(32 391)	**-11%**	Underspending of capital requests
Sport and Recreation	209 275		209 275	275 000	(65 725)	**-24%**	Underspending of capital requests
Environmental Protection	-		-	-	-	**0%**	
Waste Management	1 150 999		1 150 999	1 210 000	(59 001)	**-5%**	
Waste Water Management	95 000		95 000	4 594 000	(4 499 000)	**-98%**	Underspending of capital requests
Road Transport	792 935		792 935	1 075 000	(282 065)	**-26%**	Underspending of capital requests
Water	1 759 871	4 395 613	6 155 484	15 127 000	(8 971 516)	**-59%**	Underspending of capital requests
Electricity	1 347 288	668 901	2 016 189	2 289 700	(273 511)	**-12%**	Underspending of capital requests
Other	16 850		16 850	17 000	(150)	**-1%**	
TOTAL	**7 239 849**	**5 897 842**	**13 137 691**	**26 492 068**	**(13 354 377)**	**-50%**	

APPENDIX F

LEPHALALE LOCAL MUNICIPALITY : DISCLOSURES OF GRANT AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2008

Grants and Subsidies Received	Name of organ of state or Municipal entity	Receipts	Expenditure	Grants and Subsidies delayed / withheld	Reasonwithholding of fund for delay/	Did the municipality comply with the grant conditions in terms of grant framework in the Division of Revenue Act Yes/No	Reason for non-compliance
Equitable share	National Government	34 566 672	34 566 672	-	NA	Yes	NA
M I G	National Government	15 604 250	16 882 478	-	NA	Yes	NA
Municipal Systems Improvement Grant	National Treasury	734 000	734 000	-	NA	Yes	NA
Finance Management Grant	National Treasury	500 000	164 729	-	NA	Yes	NA
LED Project Funding	National Treasury	-	-	-	NA	Yes	NA
Water Schemes	DWAF	10 571 200	2 257 389	-	NA	Yes	NA
Local Economic Development	Local Government and Housing	1 638 297	-	-	NA	Yes	NA
		63 614 419	**54 605 268**	-			